

North University City

Public Facilities Financing Plan and Facilities Benefit Assessment

Fiscal Year 2007



THE CITY OF SAN DIEGO

May 2006

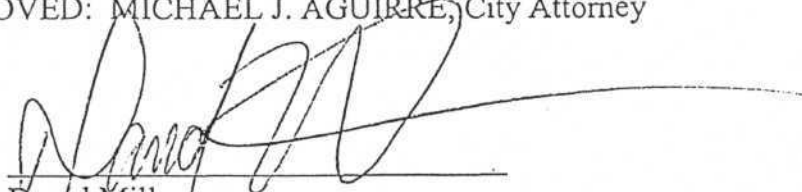
City Planning and Community Investment Department
Facilities Financing

RESOLUTION NUMBER R- 301465DATE OF FINAL PASSAGE MAY 31 2006

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO DESIGNATING AN AREA OF BENEFIT IN NORTH UNIVERSITY CITY AND THE BOUNDARIES THEREOF, CONFIRMING THE DESCRIPTION OF PUBLIC FACILITIES PROJECTS, THE COMMUNITY FINANCING PLAN AND CAPITAL IMPROVEMENT PROGRAM WITH RESPECT TO PUBLIC FACILITIES PROJECTS, THE METHOD FOR APPORTIONING THE COSTS OF THE PUBLIC FACILITIES PROJECTS AMONG THE PARCELS WITHIN THE AREA OF BENEFIT AND THE AMOUNT OF THE FACILITIES BENEFIT ASSESSMENTS CHARGED TO EACH SUCH PARCEL, THE BASIS AND METHODOLOGY FOR ASSESSING AND LEVYING DISCRETIONARY AUTOMATIC ANNUAL INCREASES IN FACILITIES BENEFIT ASSESSMENTS, AND PROCEEDINGS THERETO, AND ORDERING OF PROPOSED PUBLIC FACILITIES PROJECT IN THE MATTER OF NORTH UNIVERSITY CITY FACILITIES BENEFIT ASSESSMENT AREA.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By


 David Miller
 Deputy City Attorney

DM:cfq

04/14/06

Or.Dept:Fac.Financing

R-2006-883

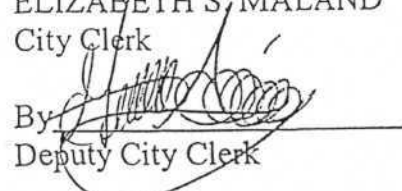
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Comp: R-2006-881, R-2006-882, R-2006-884

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAY 22 2006.

 ELIZABETH S. MALAND
 City Clerk

By


 Deputy City Clerk

Approved:

5-31-06
 (date)


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Mayor

Jerry Sanders

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To view this document online, visit the Planning Department on the City of San Diego website at <http://www.sandiego.gov/planning/facilitiesfinancing/index.shtml>.

Introduction

Authority

This financing plan constitutes an annual adjustment of Facilities Benefit Assessments (FBA) as provided for in Section 61.2212 of the San Diego Municipal Code. All references in this report to the existing North University City Public Facilities Financing Plan and Facilities Benefit Assessment are in reference to the Fiscal Year 2005 North University City Public Facilities Financing Plan and Facilities Benefit Assessment that was adopted by the City Council on June 29, 2004, by Resolution No. R-299403, and later amended on August 10, 2004, by Resolution No. R-299548.

Previous Update to Financing Plan

On June 29, 2004, the City Council adopted the Fiscal Year 2005 North University City Public Facilities Financing Plan and Facilities Benefit Assessment and later amended on August 10, 2004. This report constitutes the update of the Facilities Benefit Assessment and revised the Public Facilities Financing Plan.

Scope of Report

The Fiscal Year 2007 North University City Public Facilities Financing Plan identifies the public facilities that will be needed over the next eight years when full community development is expected. This report also includes the revised Facilities Benefit Assessment for North University City, as required by Ordinance #0-15318. The FBA is established to provide public facilities which will benefit the North University City community.

Development in North University City is subject to the City Council approved Public Facilities Financing Plan. The Phasing Plan, which is included as part of this Financing Plan, requires that before specifically defined traffic and dwelling unit thresholds may be exceeded and building permits issued, the City Engineer must be satisfied that certain transportation and park projects are either completed or under construction. Allocation of building permits under the North University City Public Facilities Phasing Plan is subject to Council Policy 600-36, "Requirements for Annual Adjustments of Facilities Benefit Assessments and Prepayment of Assessments." The original Transportation Phasing Plan was developed in 1988 and was based on the modeling work that was done in 1987. At that time, the City had adopted an Interim Development Ordinance (IDO) for "slow growth" which established limits to residential development. Communities that could demonstrate that an orderly plan for infrastructure development existed were allowed to request an exemption from the IDO. The phasing plan was a necessary element of that exemption. The forecast traffic volumes on the community streets changed significantly with the new modeling work. The reasons for the changes are discussed in a separate document titled, "The University City Community Focused Transportation Study Report." The current phasing plan summary superseded and replaced the original summary when the North University City Public Facilities Financing Plan was adopted by City Council in September 2000.

Facilities Benefit Assessment

FBA Procedure

City of San Diego Ordinance O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing an FBA. The FBA provides funding for public facilities projects that serve a designated area, also known as the Area of Benefit. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the Area of Benefit in the North University City community planning area. For more information on an Area of Benefit, see Area of Benefit and Projected Land Uses beginning on page 3.

Methodology of the FBA

The methodology of the FBA is as follows:

- 1) An FBA Assessment Roll is prepared for North University City where each remaining, unimproved parcel or approved map unit in the Area of Benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to the Assessment Roll Description on page 9 for more information on the Assessment Listing (Roll) (page 157).
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the Area of Benefit. The owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of Building Permit issuance, the owner of the parcel being developed is assessed, an amount which is determined by the type and size of the development permitted according to the FBA assessment schedule in effect at the time the permit is pulled. Owners/developers are not permitted to pay liens in advance of development. FBA assessments are paid directly to the San Diego City Treasurer.
- 4) Assessments are collected and placed into a City Special Fund, which accrues its own interest. These funds are used within the Area of Benefit solely for those capital improvements and administrative costs identified in the North University City Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects to be financed by the North University City FBA funds are shown in Table 8, beginning on page 15. Included in the table are:

- Project title;
- Fiscal year in which construction of the project is expected;
- Estimated project costs
- Funding sources.

Project categories include transportation improvements, neighborhood parks and recreation, and libraries. Detailed descriptions of the projects which are listed in Table 8 can be found on the project sheets beginning on page 26. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

Area of Benefit and Projected Land Uses

Area of Benefit

The City Council initiates proceedings for the designation of an Area of Benefit by adopting a resolution stating its intention to do so (a Resolution of Intention). The undeveloped land areas that are within the community boundaries of North University City are known as the Area of Benefit. An FBA is applied to undeveloped residential and non-residential property. Figure 1, on page 5 shows the proposed boundaries of the North University City Facilities Benefit Assessment Area (Area of Benefit).

The location and extent of the Area of Benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Use shown in Table 1, below.

Table 1 - Remaining Development

Land Use	# of DUs/ ADTs
Single-Family Residential Units	0
Multi-Family Residential Units	1,878
Commercial ADTs	72,000

Development Schedule

The development schedule for the North University City Community is based upon the projections of the existing property owners, their land use consultants, and City staff. Indications are that the remaining development of North University City will take place over the next eight years.

The projected schedule of development for North University City is presented in Table 2. On this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Thus, the number of units developed in 2005 refers to those for which permits are issued, with assessments paid, between July 1, 2004 and June 30, 2005.

The proposed methodology for the distribution of project costs between residential and non-residential properties has been modified per Council direction. Each trip, whether residential or non-residential, will have the same dollar assessment. This results in a FY 2007 trip rate of \$1,093. Since a multi-family unit generates seven trips, the results in an FBA of \$7,651 for each unit of transportation projects plus an additional \$3,710 per unit for park and library projects, for a total of \$11,361 per unit. These rates are reflected under Fiscal Year 2007.

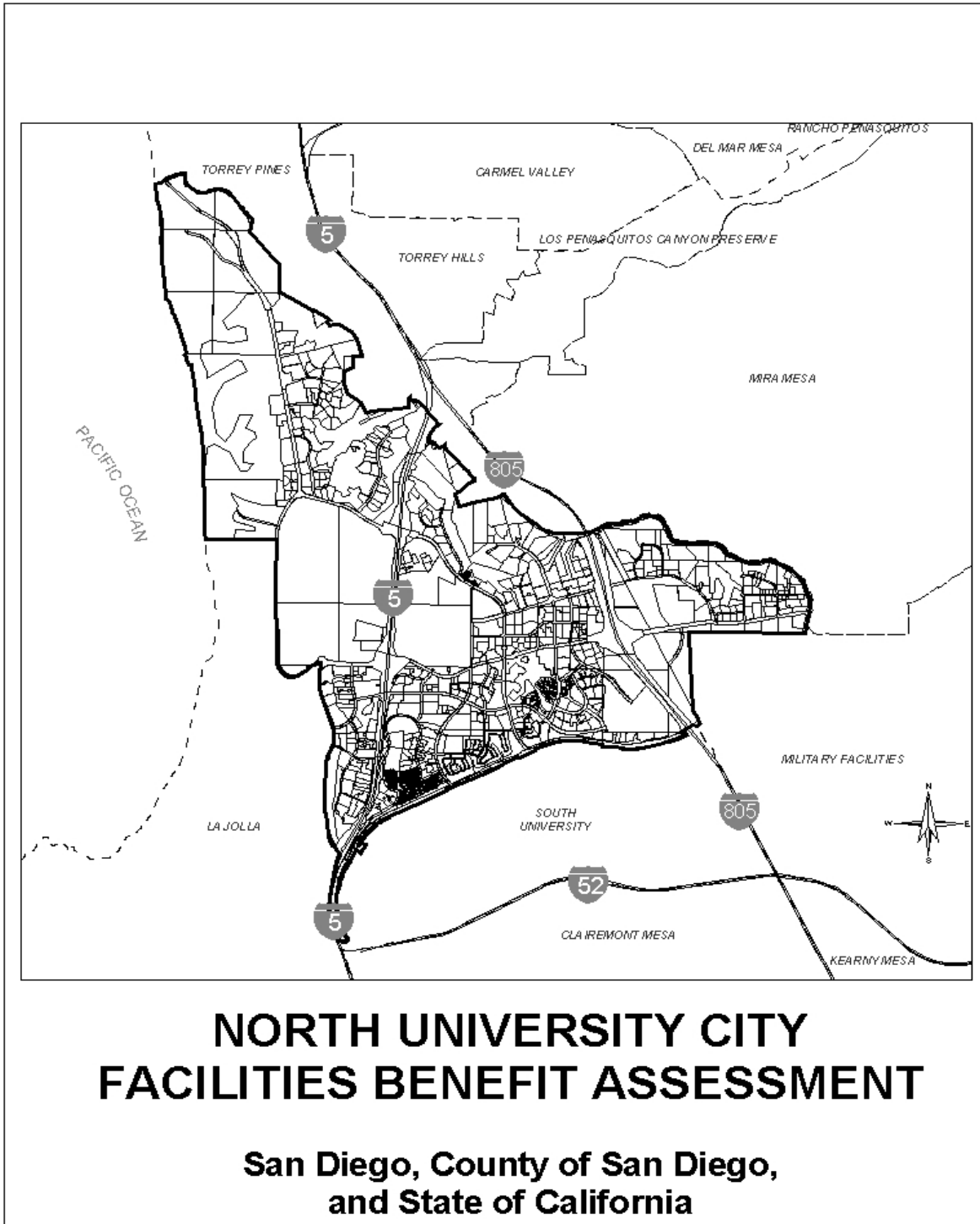
Since needed facilities are directly related to the community growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require additional modification of the schedule for providing needed public facilities.

Table 2 - Development Schedule

FISCAL YEAR	SFDU	MFDU	ADT
2005		189	898
2006		304	2577
2007		505	4100
2008		115	8500
2009		132	7200
2010		420	10200
2011			10000
2012		150	8000
2013		556	8000
2014			8000
2015			8000

Development figures provided for FY 2007 are based on current year projections.

Figure 1 – Area of Benefit



Assessments

Assessment Methodology – EDU Ratios

An Equivalent Dwelling Unit or EDU ratio (factor) has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The Single-Family Dwelling Unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit (or ADT), proportionate to the respective benefit.

Determination of Assessment Rates

The amount of the FBA assessment is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU factors for each land use designation
- Schedule of facility expenditures (in FY 2007 dollars) to be financed with monies from the FBA fund
- Annual interest rate assumption of 2% for FY 08 and FY 09, and 4% for each year thereafter
- Annual inflation rate assumption of 7% for FY 08 and FY 09, and 4% for each year thereafter
- At the end of each fiscal year (June 30th), unpaid assessments are increased by the inflation factor.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. The following are three types of expenses that may be applied against the FBA fund.

- 1) Direct payments for facility costs, including administration of the FBA fund
- 2) Credits to developers for facilities provided in accordance with Section 61.2213 of the FBA Ordinance
- 3) Cash reimbursement to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying an FBA. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund. Therefore, whether a developer or the FBA fund provides a facility, it is treated as an expense to the fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled direct payments for facilities provided by the fund. The base assessment rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3 presents the FY 2007 Facilities Benefit Assessment rate for North University City.

Due to inflation and changes in project scope, the cost for providing facilities may increase over time. Therefore, the assessment rate must also increase at the same rate. For liens established subsequent to Council approval of this FBA, the assessment rate (per unit or acre) is shown in Table 4.

Automatic Annual Increases

Facilities Benefit Assessments are evaluated annually and adjusted accordingly to reflect the current economic conditions. The proposed increase reflects an inflation factor of 7% per year for Fiscal Years 2008 and 2009, and 4% for Fiscal Years 2010-2015. This inflation factor is used to provide automatic annual increases in the assessment rate and will be effective at the beginning of each fiscal year (July 1 through June 30). The automatic increase provision is effective only until such time as the next update is approved by the San Diego City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

The annual update in project costs includes an analysis by each of the sponsoring City departments of the project costs for each public facility project. The cost estimates shown in this update have been revised and consider the following

- LEED “Silver Level” standards
- Impact of Inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The North University City Proposed FBA Schedule in Table 4, page 8, shows the projected rate of assessment for each category of land use during each year of community development. For example, the proposed assessment for a single-family dwelling unit developed during FY 2007 is \$16,229, while the assessment for each multi-family unit is \$11,361. The commercial assessment rate per ADT is \$1,093.

Table 3 – FY 2007 Assessment Rate

Land Use	ASSESSMENT per UNIT/ADT in FY 2007 DOLLARS
Single-Family Residential Units	\$16,229
Multi-Family Residential Units	\$11,361
Commercial ADTs	\$1,093

Table 4 – Proposed Facilities Benefit Assessments

FISCAL YEAR	\$/ SFDU	\$/ MFDU	\$/ ADT
2007	16,229	11,361	1,093
2008	17,365	12,156	1,170
2009	18,581	13,007	1,251
2010	19,324	13,527	1,301
2011	20,097	14,068	1,354
2012	20,901	14,631	1,408
2013	21,737	15,216	1,464
2014	22,606	15,825	1,523
2015	23,510	16,458	1,583

Cash Flow Analysis

The North University City Cash Flow, Table 7, page 11, presents an analysis of the North University City FBA. For each fiscal year during the development of the community, the cash flow shows the difference between accumulated FBA revenues (including earned interest) and capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 2% annual return for Fiscal Years 2008 and 2009, and 4% for Fiscal Years 2010-2015.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego Construction Cost Index (CCI) and the Consumer Price Index (CPI) for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the San Diego Consumer Price Index are shown in Tables 5 and 6 on page 10.

Since needed facilities are directly related to the community's growth rate, construction schedules of facilities are contingent upon the actual development

within the community. Therefore, any slowdown in community development will require modification of facility schedules and a new cash flow will be prepared during a subsequent update to the North University City Public Facilities Financing Plan.

Assessment Roll Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Listing includes:

- Parcel number
- Name of property owner (according to the County Assessor's records)

Identification numbers in the Assessment Listing may be non-sequential as a result of the omission of some parcels after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment Listing is prepared, and as shown on the last equalized assessment roll, or as otherwise known to the City Clerk or by other means which the City Council finds reasonably calculated to apprise affected landowners of the hearing (Section 61.2205). The current Assessment Listing begins on page 157.

Resolution of Designation, when adopted by the City Council, imposes the FBA in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the Area of Benefit. The assessments are based upon the type and size of forecasted land use of the "highest and best use" scenario.

The maps, plats, and summary of the assessment roll, all of which define the Area of Benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of building permit issuance, with payment made directly to the San Diego City Treasurer.

Commercial Development

Currently, FBA assessments are paid on a per acre basis for commercial properties. In the event that a landowner desires to proceed with development of a portion of their property, based on a phased development program, which is subject to a lien for the total amount of Facilities Benefit Assessments as provided in Section 61.2210 of the Municipal Code, landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the City Manager.

Contributions by the City

Contributions made by the City or other public entity toward the cost of facilities are specified in the individual Capital Improvement Project sheets following Table 8, and beginning on page 26.

Table 5 - Los Angeles/San Diego Construction Cost Index

YEAR	CCI	% CHANGE/YEAR
1993	6361	1.2%
1994	6475	1.8%
1995	6517	0.7%
1996	6522	0.1%
1997	6571	0.8%
1998	6673	1.6%
1999	6832	2.4%
2000	7056	3.3%
2001	7073	0.2%
2002	7440	5.2%
2003	7572	1.8%
2004	7735	2.2%
2005	8234	6.5%

Table 6 - San Diego Consumer Price Index

YEAR	CPI	% CHANGE/YEAR
1993	150.4	2.3%
1994	154.3	2.6%
1995	156.3	1.3%
1996	159.8	2.2%
1997	163.7	2.4%
1998	166.0	1.4%
1999	171.7	3.4%
2000	179.8	4.7%
2001	190.1	5.7%
2002	195.7	2.9%
2003	203.8	4.1%
2004	211.4	3.7%
2005	218.3	3.3%

Table 7 - North University City Cash Flow

FY	SFDU	MFDU	ADT	\$/SFDU	\$/MFDU	\$/ADT	INPUT \$ PLUS INTEREST	PLANNED CIP \$ EXPENSES	NET BALANCE	FY
2006	-	304	2,577	\$10,748	\$7,524	\$724	\$4,913,349	\$59,478,978	\$10,785,828	2006
2007	-	505	4,100	\$16,229	\$11,361	\$1,093	\$10,358,376	\$17,921,039	\$3,223,165	2007
2008	-	115	8,500	\$17,365	\$12,156	\$1,170	\$11,471,544	\$4,961,122	\$9,733,587	2008
2009	-	132	7,200	\$18,581	\$13,007	\$1,251	\$10,886,125	\$14,088,567	\$6,531,144	2009
2010	-	420	10,200	\$19,324	\$13,527	\$1,301	\$19,160,442	\$21,699,362	\$3,992,224	2010
2011	-	-	10,000	\$20,097	\$14,068	\$1,354	\$13,826,946	\$7,256,999	\$10,562,171	2011
2012	-	150	8,000	\$20,901	\$14,631	\$1,408	\$13,721,656	\$21,643,914	\$2,639,913	2012
2013	-	556	8,000	\$21,737	\$15,216	\$1,464	\$20,383,886	\$14,915,236	\$8,108,562	2013
2014	-	-	8,000	\$22,606	\$15,825	\$1,523	\$12,545,429	\$10,491,854	\$10,162,137	2014
2015	-	-	8,000	\$23,510	\$16,458	\$1,583	\$13,324,498	\$166,596	\$23,320,039	2015
TOTAL	0	1,878	72,000				\$271,728,280	\$248,408,240		TOTAL

NOTE: \$ VALUES ROUNDED TO NEAREST DOLLAR

NOTE: FY 08 & FY 09, INFLATION=7% PER YEAR, INTEREST=2% PER YEAR

NOTE: FY 10 - FY 15, INFLATION= 4% PER YEAR, INTEREST=4% PER YEAR

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Public Facilities Financing Plan

Purpose

Council Policy 600-28 requires that, in the Planned Urbanizing areas of the City of San Diego, development approval for “new communities” and “developing communities” depends upon the adoption of a plan for financing public facilities. The Public Facilities Financing Plan is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community’s needed public facilities. The Financing Plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Assessment schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the FBA for the development that is planned to occur in the community planning area known as North University City.

Development Forecast and Analysis

Development projections are based upon the best estimates of the property. Economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of North University City. Conversely, a period of robust business expansion could significantly increase the rate of development.

An analysis of projected development prepared in cooperation with owners and developers, and using the Community Plan as a guide, indicates that over the next eight years projected additional development through the buildout year of 2015 will consist of 1,878 additional multi-family dwelling units. There are no single-family units projected for development.

In addition to the residential development, non-residential development is estimated to generate approximately 72,000 average daily trips (ADTs) in North University City.

Annual Review

To ensure that this program maintains its viability, an annual review of the Financing Plan will be performed and recommended actions, in response to the actual activity of development, will be presented to the City Council. The FBA Ordinance in the Municipal Code (Section 61.2212) provides for an annual adjustment of facility benefit assessments. The annual review may reflect:

- Changes in the rate and amount of planned development
- Comparative analysis of City-approved discretionary permits
- Changes in the rate of inflation
- Changes in interest rates
- Changes in the scope of the public facilities projects
- Increases or decreases in the actual or estimated cost of public facilities projects

Future Public Facility Needs

In order to better serve the North University City community, public facilities are needed in three categories. Those categories include:

- Transportation
- Park and Recreation
- Library

Project locations are summarized in Table 9, page 21 and depicted on Figure 2 on page 23. Detailed project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 26. The timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets. Refer to Table 2, page 4, for the current development schedule of the community.

Since needed facilities are directly related to the growth rate of the community, construction schedules of facilities are contingent upon actual development within the community. Therefore, any slowdown in community development will require a modification to the schedule in which needed facilities are planned.

Changes to Capital Improvement Project List

Since the approval of the Fiscal Year 2003 Financing Plan, several changes have occurred to the list of projects in the Capital Improvement Program. On page 15, Table 8 lists the project changes that are occurring with this Financing Plan update.

Table 8 - Delayed FBA Funded Projects

PROJECT NO.	PROJECT	CHANGE	EXPLANATION
NUC-3	Genesee Avenue Widening – I-5 to Regents Road	Moved construction from FY 2005 to FY 2006.	The project was advertised and received only one bid, which was excessive. City staff is working to address the contractor concerns and re-bid to attract more bidders.
NUC-13	Regents Road Widening – Executive Drive to Genesee Avenue	Moved construction from FY 2005 to FY 2007.	Delays in processing the property acquisition from UCSD.
NUC-18	Regents Road Bridge	Moved construction from FY 2008 to 2009.	Completion of the EIR took longer than anticipated due to additional alternatives evolved from technical studies and large volume of public comments (over three thousand).
NUC-24	Genesee Avenue / Widen I-5 Overcrossing	Moved construction from FY 2008 to FY 2010.	Additional work requested by Caltrans has increased the scope of the project and lengthened the Project Report Phase.
NUC-34	Eastgate Mall Widening – Towne Centre Drive to Miramar Road	Moved construction from FY 2010 to FY 2011.	Waiting for response from Marine Corps to acquire necessary property.
NUC-33	Judicial Drive – Golden Haven Drive to Eastgate Mall	Construction moved from FY 2005 to FY 2006.	Extra time was required to develop and design the bridge structure type selection in order to achieve minimum disruption to the travel lanes during construction.
NUC-41	La Jolla Village Drive / Regents Road	Moved construction from FY 2005 to FY 2006.	Delays in processing the property acquisition from UCSD.
NUC-50	Miramar Road Widening – I-805 to Eastgate Mall	Moved construction from FY 2005 to FY 2006.	Award of construction was delayed. Bid process occurred and low bid selected contractor did not meet Equal Opportunity Contracting goal and was deemed non-responsive. Project has now been awarded to second low bid contractor, which took additional time to process required bond and insurance.
NUC-A	Genesee Avenue Widening – Nobel Drive to SR-52	Moved construction from FY 2012 to FY 2013.	Completion of the EIR took longer than anticipated due to additional alternatives evolved from technical studies and large volume of public comments (over three thousand).
NUC-D	North Torrey Pines Road Median – Genesee Avenue to Torrey Pines Science Park	Construction on hold.	Project still on hold pending resolution of the Maintenance Assessment District (MAD) issue.
NUC-C	La Jolla Village Drive / I-805 Interchange Ramps	Moved construction from FY 2006 to FY 2007.	Project delayed due to Caltrans is handling plan check, review process, advertising, bid and award.
NUC-G	Genesee Avenue and Eastgate Mall Intersection Improvements	Moved construction from FY 2005 to FY 2006.	Signal upgrades have been added to the project, increasing the scope.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The cost estimates shown in this update have been revised and consider the following:

- Impact of inflation and increasing costs of construction
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

Financing Strategy

According to the General Plan and City Council Policy (600-28), the primary responsibility for providing needed public facilities in Planned Urbanizing Areas lies with the developers. As such, the developers have provided many of the needed public facilities for North University City as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development can be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equally spreads costs while following the procedures specified in City Council Ordinance O-15318, as adopted on August 25, 1980. FBAs result in liens being levied on each parcel of property located within the Area of Benefit. While these liens ensure that assessments will be collected on each parcel as development occurs, the liens will be renewed annually with each update to the Financing Plan and will be released following payment of the FBAs.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 4 on page 8.

Development Impact Fee (DIF)

This method of financing is similar to that of an FBA in that the costs of facilities are spread fairly and equally. Unlike an FBA, a Development Impact Fee does not create a lien on the property for the collection of fees within the Area of Benefit. However, certain time restrictions for expending the revenue apply to DIF fees that have been collected.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the Mello-Roos Act of 1982, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a Community Facility District (CFD). The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require the approval of a majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

Developer Construction

With approval of the San Diego City Council, developers may elect to construct some public facility projects in lieu of, or for credit against, paying a Facilities Benefit Assessment (Council Policy 800-12). Facility costs in excess of the FBA fee obligation may be reimbursed to the developer from the FBA fund, subject to the availability of funds and pursuant to the terms of a Council-approved reimbursement agreement.

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the San Diego City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the state, federal government, or by a combination of the two.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support their individual property/development. A Cost Reimbursement District provides a mechanism by which the developer/sub-divider may be reimbursed by the property owners who ultimately benefit from the improvement. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

Development Agreement

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s).
2. Commercial land will be assessed FBAs for infrastructure, including transportation, police, fire, and utility facilities. However, developers of commercial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the North University City community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share will be evaluated at that time.
3. Annual reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.
4. The developer, or permittee, shall pay the FBA as a condition of obtaining building permits.
5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.
6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of North University City.
7. The Development Schedule, shown in Table 2 on page 4, is an estimated schedule and is based on the latest information available at the time this Financing Plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within North University City.

8. Most public facilities identified in the Financing Plan are either “population based” or “transportation based.” The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the Financing Plan.
9. Only those roadways that have been designed as circulation element roadways per the North University City Community Plan have been considered in this Financing Plan as being funded or partially funded by the FBA. All other roadways located within North University City will be the responsibility of the developer/subdivider and are not reflected in the FBA calculations.